TECHNOLOGIES MANAGEMENT INC

April 4, 2001
Overnight Delivery

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
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Ms. Donna Caton
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62794

RE: Response of Novo Networks Metro Services, Inc.
Case # 01 - 0200

Dear Ms. Caton:

Enclosed for filing are the original and three (3) copies of the data request response of Novo Networks Metro Services, Inc.'s based upon the hearing held in this matter on March 22, 2001 with Mr. Hilliard.

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope provided for this purpose.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575.

Sincerely,

Thomas M. Forte
Consultant to Novo Networks Metro Services, Inc.

Enclosures

cc: David Link - Novo
T. Hilliard - Il Hearing Examiner
file: Novo - IL Debit
tms: ILd0100a

NOVO NETWORKS METRO SERVICES, INC

VERIFICATION STATEMENT

AFFIDAVIT

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned notary Public in and for said County and State, on this day personally appeared Stuart J. Chasanoff, an authorized representative of Novo Networks Metro Services, who, having been duly sworn, stated on oath as follows:

1. Illinois customers that call for assistance are informed that they can appeal any disputes to the Illinois Commerce Commission.

2. The name of the Applicant's customer care contact is David N. Link, Executive Vice President, Network Operations. Mr. Link can be reached at (214) 777-4135.

3. The Applicant does not do any business with any ILEC's or CLEC's within the state of Illinois.

NAME: Stuart J. Chasanoff
Authorized Representative for
Novo Networks Metro Services

SWORN AND SUBSCRIBED TO BEFORE ME, on this the 29th day of March, 2001.

BOBBIE SCOTT
NOTARY PUBLIC
State of Texas
Comm. Exp.04-26-2004

Notary Public in and for the State of Texas

My commission expires:

April 26, 2004

NOVO NETWORKS METRO SERVICES, INC.

FINANCIAL STATEMENTS

Novo Networks Metro Services, Inc. is providing the financial statements of its parent corporation, Novo Networks, Inc.

NOVO NETWORKS INC

Filing Type:	**10-Q**
Description:	**Quarterly Report**
Filing Date:	**Feb 14, 2001**
Period End:	**Dec 31, 2000**
Primary Exchange:	**NASDAQ - National Market System**
Ticker:	**NVNW**

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EX-10.1 OTHERDOC

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ______________

COMMISSION FILE NUMBER 0-28579

NOVO NETWORKS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	75-2233445
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

300 CRESCENT COURT, SUITE 800
DALLAS, TEXAS 75201
(Address of principal executive offices)

(214) 777-4100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

On February 5, 2001, 52,439,043 shares of the registrant's Common Stock $.00002 par value per share were outstanding.

NOVO NETWORKS, INC.

QUARTERLY REPORT FORM 10-Q
INDEX

NOVO NETWORKS, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2000 (unaudited)	June 30, 2000
CURRENT ASSETS		
Cash and cash equivalents	$ 30,015,644	$ 40,764,246
Accounts receivable, less allowances for doubtful accounts ($1,159,317 - December 2000; $793,900 - June 2000)	7,381,463	3,607,053
Prepaid expenses and other receivables	3,038,901	2,979,489
Deposits	1,324,503	1,020,584
VAT receivable	1,303,709	2,131,277
Notes receivable, affiliate	--	100,000
	43,064,220	50,602,649
LONG-TERM ASSETS		
Restricted cash	554,655	281,928
Property and equipment, net	35,347,491	35,419,120
Investments in affiliates	19,203,598	23,373,190
Goodwill and other intangibles, net	98,380,784	108,639,486
	153,486,528	167,713,724
	$ 196,550,748	$ 218,316,373
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Capital leases, current portion	$ 5,083,547	$ 4,703,053
Accounts payable	5,920,119	5,580,873
Accrued other	8,986,526	5,688,892
Accrued reorganization and restructuring charge	2,411,665	--
Accrued interest payable	128,774	78,016
Customer deposits and deferred revenues	821,692	619,403
Notes payable, current portion	251,531	229,343
	23,603,854	16,899,580
LONG-TERM LIABILITIES		
Notes payable, net of current portion	4,012,958	3,685,145
Capital leases, net of current portion	6,024,050	5,780,851
	10,037,008	9,465,996
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY		
Common stock, $0.00002 par value, authorized 200,000,000 shares, issued and outstanding, 52,439,043 and 51,989,745 shares	1,050	1,041
Common stock to be issued, 71,513 shares	1	1
Preferred stock, $0.00002 par value, $1,000 liquidation preference, authorized 25,000,000 shares, issued and outstanding, 27,070 and 20,070 shares	--	--
Additional paid-in capital	257,727,510	248,907,665
Accumulated deficit	(93,162,162)	(54,634,559)
Deferred compensation	(708,521)	(1,274,479)
Notes receivable from shareholders	(947,992)	(1,048,872)
	162,909,886	191,950,797
	$ 196,550,748	$ 218,316,373

See accompanying notes to consolidated financial statements.

NOVO NETWORKS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2000	1999	2000	1999
	(unaudited)		(unaudited)	
Revenues	$ 20,593,654	$ 13,986,119	$ 39,190,681	$ 22,661,838
Direct costs	20,692,793	13,030,262	38,034,125	21,759,782
Gross profit (loss)	(99,139)	955,857	1,156,556	902,056
Selling, general and administrative expenses	7,860,432	7,262,493	15,004,010	8,581,170
Reorganization and restructuring charge	4,325,451	--	4,325,451	--
Depreciation and amortization	6,471,673	1,276,283	12,940,608	1,773,638
Loss from operations, before other (income) expense	(18,756,695)	(7,582,919)	(31,113,513)	(9,452,752)
Other (income) expense				
Interest (income) expense, net	(148,270)	78,831	(454,325)	598,062
Write off of unamortized debt discount	--	--	--	917,615
Equity in loss of affiliates	1,341,585	13,089	5,412,574	31,819
Foreign currency loss (gain)	25,026	4,470	22,181	(2,032)
Other	19,989	7,662	95,020	1,074
	1,238,330	104,052	5,075,450	1,546,538
Net loss	(19,995,025)	(7,686,971)	(36,188,963)	(10,999,290)
Imputed preferred dividend	(2,299,750)	(1,115,943)	(2,299,750)	(1,115,943)
Net loss available to common shareholders	$(22,294,775)	$ (8,802,914)	$(38,488,713)	$(12,115,233)
Net loss per share - (basic and diluted)	$ (0.43)	$ (0.20)	$ (0.74)	$ (0.40)
Weighted average number of shares outstanding - (basic and diluted)	52,121,108	44,309,461	52,055,335	30,428,396

See accompanying notes to consolidated financial statements.

NOVO NETWORKS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended December 31, 2000	Six Months Ended December 31, 1999
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(36,188,963)	$(10,999,290)
Adjustments to reconcile net loss to net cash used in net operating activities:		
Depreciation and amortization	12,940,608	1,773,638
Equity in loss of affiliates	5,412,574	31,819
Other non-cash expenses	3,178,144	2,287,468
Change in operating assets and liabilities:		
Accounts receivable	(4,813,002)	(582,920)
Prepaid expenses and other receivables	(179,504)	(82,217)
VAT receivable	827,568	976,014
Restricted cash	(272,727)	1,107,437
Accounts payable	339,246	3,760,810
Accrued other	5,670,410	220,647
Accrued interest payable	50,758	185,879
Customer deposits and deferred revenue	202,289	(1,214,650)
Net cash used in operating activities	(12,832,599)	(2,535,365)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Deposits	(303,919)	(361,442)
Purchase of property and equipment	(2,062,649)	(1,667,894)
Net cash acquired in acquisitions	--	299,687
Long-term investments	--	(475,000)
Investments in affiliates	(1,056,112)	(598,852)
Net cash used in investing activities	(3,422,680)	(2,803,501)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Shareholder repayments (advances)	96,984	(246,560)
Payments on capital leases	(1,380,211)	(585,632)
Advances (repayments) on notes payable	350,000	(823,278)
Issuance of notes receivable - affiliate, net	(84,096)	--
Issuance of common and preferred stock, net	6,524,000	13,224,850
Net cash provided by financing activities	5,506,677	11,569,380
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,748,602)	6,230,514
CASH AND CASH EQUIVALENTS, beginning of year	40,764,246	39,379
CASH AND CASH EQUIVALENTS, end of period	$ 30,015,644	$ 6,269,893
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid for interest	$ 580,957	$ 258,000
Cash paid for taxes	$ --	$ --
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING, INVESTING AND FINANCING ACTIVITIES:		
Purchases of equipment under capital leases	$ 2,003,904	$ 5,206,790
Goodwill arising from change in ownership and acquisitions settled through issuance of stock	$ --	$ 28,824,974
Net assets of subsidiaries acquired through an issue of stock	$ --	$ 196,169
Stock issued for settlement of accounts payable	$ --	$ 5,399,480

See accompanying notes to consolidated financial statements.

NOVO NETWORKS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS

Novo Networks, Inc. ("Novo Networks" or the "Company") is a global broadband network services company providing broadband and voice services over a facilities-based network which consists of digital switching, routing and signal management equipment, as well as digital fiber optic cable lines. The network currently reaches 35 domestic and 4 international cities in North America, Europe, the Middle East and Mexico. Prior to December 12, 2000, the Company was known as eVentures Group, Inc.

2. GENERAL

The accompanying consolidated financial statements for the three and six month periods ended December 31, 2000 and 1999, have been prepared by the Company without audit, pursuant to the interim financial statements rules and regulations of the SEC. In the opinion of management, the accompanying consolidated financial statements include all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly the results of the Company's operations and cash flows at the dates and for the periods indicated. The results of operations for the interim periods are not necessarily indicative of the results for the full fiscal year. The accompanying financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2000 filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include the accounts of the Company and all wholly owned and majority owned subsidiaries. The financial results of e.Volve Technology Group, Inc. ("e.Volve") are included in the financial statements for all periods presented. The financial results for AxisTel Communications, Inc. ("AxisTel") are included in the financial statements since September 22, 1999, the date of acquisition. The financial results of Internet Global Services, Inc. ("iGlobal") are included in the financial statements since its acquisition on March 10, 2000. All significant inter-company accounts have been eliminated.

Certain fiscal 2000 balances have been reclassified for comparative purposes to be consistent with the fiscal 2001 presentation.

3. GOODWILL

Goodwill arising from the excess of cost over net assets of businesses acquired by the Company is amortized on a straight-line basis over periods ranging from five to ten years. The Company assesses the recoverability of goodwill by determining whether the amortization over its remaining life can be recovered through projected undiscounted future cash flows. The amount of impairment, if any, is measured based on fair value and is charged to operations in the period in which impairment is determined by management. As of December 31, 2000, the Company's management has not identified any material impairment of goodwill.

4. NET LOSS PER SHARE

The Company calculates earnings per share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Share (EPS). SFAS No. 128 requires dual presentation of basic EPS and diluted EPS on the face of all income statements for entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, convertible preferred stock and convertible debentures. Diluted EPS has not been presented for the effects of

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stock options, warrants, convertible preferred stock and convertible debentures as the effect would be antidilutive. Accordingly, basic and diluted EPS did not differ for any period presented. For purposes of computation of EPS, the shares issued for the acquisition of e.Volve (11,365,614 shares) are deemed to have been in existence for the entire six month period ended December 31, 1999.

5. INVESTMENTS IN AFFILIATES

The Company has minority investments in the following companies:

ACCOUNTING COMPANY NAME	% OWNERSHIP COMMON	PREFERRED	ACCOUNTING METHOD	DECEMBER 31, 2000	JUNE 30, 2000
				(unaudited)	
PhoneFree.com, Inc. ("PhoneFree")	17.2%	31.7%	Equity	$ 8,565,585	$ 11,897,831
ORB Communications & Marketing, Inc ("ORB")	19.0%	100.0%	Equity	6,839,391	7,713,650
FonBox, Inc.	14.0%	50.0%	Equity	2,798,622	2,034,632
Launch Center 39	0.0%	2.1%	Cost	1,000,000	1,000,000
Televant, Inc. (d/b/a CallRewards)	0.0%	0.0%	Equity	--	727,077
				$19,203,598	$ 23,373,190

On September 1, 2000, CallRewards was merged with a subsidiary of PhoneFree. Novo Networks received 102,240 shares of PhoneFree common stock in exchange for Novo Networks' equity interest in CallRewards and as repayment of $184,096 advanced to CallRewards pursuant to note agreements.

During the six months ended December 31, 2000, the Company advanced an additional $1,000,000 to FonBox, Inc. in exchange for 510,733 shares of FonBox, Inc. Series C Preferred stock.

On October 7, 2000, the Company's obligation to invest additional funds in ORB was terminated without further liability.

6. SEGMENT INFORMATION

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, established standards for reporting information about operating segments in the Company's financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the Chief Executive Officer of the Company.

The Company has determined that it operates in one segment.

7. REORGANIZATION AND RESTRUCTURING CHARGE

In October, the Company began execution of a plan to consolidate the assets, network and management of its wholly owned operating subsidiaries into a single broadband network and communication services company. The plan has a renewed focus on providing broadband and voice services to other service providers, which resulted in the discontinuation of retail Internet access services offered, principally, digital subscriber line access and dial-up access. The Company recorded reorganization and restructuring expense totaling approximately $4.3 million during the quarter ended December 31, 2000.

A summary of the completed and planned reorganization and restructuring activities follows:

	(In Thousands)
Personnel severance	$ 1,517
Property, plant & equipment	1,374
Abandonment of leased facilities	1,044
Discontinuation and divestiture of retail Internet access operations	390
	$ 4,325

The restructuring charge of $4.3 million includes cash expenditures totaling $2.8 million related to (i) personnel severance of $1.5 million, of which $0.2 million has been paid as of December 31, 2000, (ii) lease abandonment of $1.0 million, and (iii) other costs of $0.3 million and non-cash charges of $1.5 million, primarily for the write-down of impaired assets. The positions eliminated included three senior management positions as a result of the management consolidation and 16 technical and support positions related to the discontinuation of retail Internet access services.

The Company anticipates that the reorganization and restructuring will be completed by fiscal year end.

7. INCENTIVE PLAN

During the three months ended December 31, 2000, the Company adopted a new incentive plan, the Novo Networks 2001 Equity Incentive Plan, (the "Plan") for its officers and employees. The maximum number of shares of common stock covered by options to be granted under the Plan is 12,000,000 shares. Option grants under the Plan will become effective twenty business days after the mailing to the Company's shareholders of an Information Statement in accordance with Regulation 14C of the Securities Exchange Act of 1934.

At December 31, 2000, no Gap Options had been granted.

8. SIGNIFICANT TRANSACTION

On December 5, 2000, the Company issued 7,000 shares of Series D Convertible Preferred Stock and 450,001 shares of the Company's common stock for $7.0 million in cash and a minority interest in a private communications company. The par value of shares of Series D Convertible Preferred Stock is $0.00002 with a liquidation value of $1,000 per share. The shares of Series D Convertible Preferred Stock are convertible into shares of the Company's common stock at a price of $7.00 per share. The Company has assigned no value to the minority interest received in this transaction, and has treated the issuance of the 7,000 shares of Series D Convertible Preferred Stock and 450,001 shares of common stock as a single transaction. Due to the issuance of common stock and the beneficial conversion feature of the securities issued, an imputed preferred dividend of approximately $2.3 million was recorded during the three months ended December 31, 2000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans" and similar expressions. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, those discussed in this section, elsewhere in this report and the risks discussed in the "Risk Factors Related to Our Company" section included in our Annual Report on Form 10-K for our fiscal year ended June 30, 2000 filed with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date of this report.

BASIS OF PRESENTATION

Prior to September 22, 1999, we were a public company with no material operations. We changed our name from eVentures, Inc. to Novo Networks, Inc. in December 2000. We were formerly known as Adina, Inc., which was incorporated in the state of Delaware on June 24, 1987. In September and October 1999, we completed a series of transactions whereby we acquired (i) 100% of the outstanding shares of e.Volve, (ii) 100% of the outstanding shares of AxisTel, (iii) 17% of the outstanding shares of PhoneFree and (iv) a note receivable from e.Volve in the amount of approximately $8.5 million ("Notes"), including accrued interest. All of the acquisitions and the purchase of the Notes were settled through the issuance of 42,787,863 shares of our common stock and are collectively referred to as the "Initial Transaction".

Since we had no material operations prior to the Initial Transaction, the reorganization was accounted for as a recapitalization of e.Volve. Accordingly, the historical financial statements presented through September 22, 1999 are those of e.Volve. The financial statements presented herein reflect the consummation of the reorganization, and therefore are the consolidated financial statements of Novo Networks and subsidiaries as of December 31, 2000 and June 30, 2000 and for the period from September 22, 1999 through December 31, 1999 and for the three and six months ended December 31, 2000. On March 10, 2000, we acquired iGlobal, which has been incorporated into our consolidated financial statements from the date of acquisition.

Revenues. Revenues are generated through the sale of our products and services, which can be divided into two primary product groups: broadband services and voice services. Broadband services consist of transport services such as private line, asynchronous transfer mode and frame relay, co-location services and managed web hosting. Voice services include software services that leverage the packet-based infrastructure of our network to deliver advanced communications services to end-users. Voice services consist principally of voice-over-Internet-protocol or VoIP services, VoIP integration services and prepaid calling services. The majority of our products and services are measured and billed on a per minute basis.

Historically, we have derived substantially all of our revenues from the sale of VOIP and transport services. Our agreements with our wholesale customers are short term in duration and the rates are subject to change from time to time. Due to increasing competition, management expects these rates to decline, which could result in lower revenues and increased losses. Our three largest customers accounted for 60% and 53% of our revenues during the three and six-month periods ended December 31, 2000, respectively. We anticipate that our dependence on these three customers will continue to decline as we broaden our sales and marketing initiatives to include (i) adding new customers, (ii) increasing sales to existing customers and (iii) increasing sales of broadband and voice services.

Direct Costs. Direct costs include per minute termination charges and lease payments and fees for fiber optic cable. Historically, the call termination expense component of these direct costs has declined as measured on a cost per minute basis. The direct costs incurred for leasing communications network capacity has also declined. However, the agreements we enter into for leasing such capacity are generally at fixed rates for periods of one year or longer. We anticipate that our aggregate direct costs will continue to increase over time as we build out our global network and enter into additional capacity leases in advance of sales. We expect our call termination expenses, as measured on a cost per minute basis, will decline over time, offset by increases in the volume of traffic on our network.

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Selling, General and Administrative Expenses. These expenses include general corporate expenses, management and operations salaries and expenses, professional fees, sales and marketing expenses, travel expenses, benefits, facilities costs and administrative expenses. Currently we maintain our corporate headquarters in Dallas, Texas, and have additional offices in Jersey City, New York, Kansas City, Dallas, Miami and Mexico City. We anticipate that our selling, general and administrative expenses will continue to increase over time as we expand the size of our staff and facilities to meet the demands of our global network expansion and increased product offerings.

Depreciation and Amortization. Depreciation and amortization represent the depreciation of property, plant & equipment and the amortization of goodwill resulting from the reorganization transactions and the acquisition of iGlobal. We anticipate that depreciation expense will continue to increase over time as we continue to make investments in our communications network and facilities.

Equity in Loss of Affiliates. Equity in losses of affiliates results from our minority ownership in certain investments that are accounted for under the equity method of accounting. Under the equity method, our proportionate share of each affiliate's operating losses and amortization of our net excess investment over our equity in each affiliate's net assets is included in equity in losses of affiliates.

SUMMARY OF OPERATING RESULTS

The table below summarizes our operating results:

	Three Months Ended December 31,			
	2000	%	1999	%
		(unaudited)		
Revenues	$ 20,593,654	100.0%	$ 13,986,119	100.0%

Direct costs	20,692,793	100.5%	13,030,262	93.2%
Gross (loss) profit	(99,139)	(0.5)%	955,857	6.8%
Selling, general and administrative expenses	7,860,432	38.2%	7,262,493	51.9%
Restructuring charge	4,325,451	21.0%	--	0.0%
Depreciation and amortization	6,471,673	31.4%	1,276,283	9.1%
Loss from operations, before other (income) expense	(18,756,695)	(91.1)%	(7,582,919)	(54.2)%
Other (income) expenses:				
Interest expense (income), net	(148,270)	(0.7)%	78,831	0.6%
Write off of unamortized debt discount	--	0.0%	--	0.0%
Equity in loss of affiliates	1,341,585	6.5%	13,089	0.1%
Foreign currency loss (gain)	25,026	0.1%	4,470	0.0%
Other	19,989	0.1%	7,662	0.1%
	1,238,330	6.0%	104,052	0.7%
Net loss	(19,995,025)	(97.1)%	(7,686,971)	(55.0)%
Imputed preferred dividend	(2,299,750)	(11.2)%	(1,115,943)	(8.0)%
Net loss available to common shareholders	$(22,294,775)	(108.3)%	$ (8,802,914)	(62.9)%
Net loss per share - (basic and diluted)	$ (0.43)		$ (0.20)	
Weighted average number of shares outstanding - (basic and diluted)	52,121,108		44,309,461	

	Six Months Ended December 31,			
	2000	%	1999	%
	(unaudited)			
Revenues	$ 39,190,681	100.0%	$ 22,661,838	100.0%
Direct costs	38,034,125	97.0%	21,759,782	96.0%
Gross (loss) profit	1,156,556	3.0%	902,056	4.0%
Selling, general and administrative expenses	15,004,010	38.3%	8,581,170	37.9%
Restructuring charge	4,325,451	11.0%	--	0.0%
Depreciation and amortization	12,940,608	33.0%	1,773,638	7.8%
Loss from operations, before other (income) expense	(31,113,513)	(79.4)%	(9,452,752)	(41.7)%
Other (income) expenses:				
Interest expense (income), net	(454,325)	(1.2)%	598,062	2.6%
Write off of unamortized debt discount	--	0.0%	917,615	4.0%
Equity in loss of affiliates	5,412,574	13.8%	31,819	0.1%
Foreign currency loss (gain)	22,181	0.1%	(2,032)	(0.0)%
Other	95,020	0.2%	1,074	0.0%
	5,075,450	13.0%	1,546,538	6.8%
Net loss	(36,188,963)	(92.3)%	(10,999,290)	(48.5)%
Imputed preferred dividend	(2,299,750)	(5.9)%	(1,115,943)	(4.9)%
Net loss available to common shareholders	$(38,488,713)	(98.2)%	$(12,115,233)	(53.5)%
Net loss per share - (basic and diluted)	$ (0.74)		$ (0.40)	
Weighted average number of shares outstanding - (basic and diluted)	52,055,335		30,428,396	

THREE MONTHS ENDED DECEMBER 31, 2000 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 1999

Revenues. Revenues increased to $20.6 million during the three months ended December 31, 2000 from $14.0 million during the three months ended December 31, 1999, an increase of 47%. Revenues for the three months ended December 31, 2000 were generated through the sale of (i) 95% voice services, (ii) 3% broadband services and (iii) 2% Internet services. Sales during the three months ended December 31, 1999 were comprised 98% of voice services and 2% broadband services.

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The increase in revenues during the three months ended December 31, 2000 primarily resulted from an increase in the number of minutes transmitted. During the three months ended December 31, 2000, we transmitted 214.9 million minutes versus 141.3 million minutes during the three months ended December 31, 1999, an increase of 52%. The increase in traffic during the current three-month period was partially offset by a decrease in the average price per minute. The average price per minute decreased to $0.095 during the three months ended December 31, 2000 versus $0.099 during the comparable period in fiscal 2000.

Direct Costs. Direct costs increased to $20.7 million during the three months ended December 31, 2000 from $13.0 million during the three months ended December 31, 1999, an increase of 59%. Approximately $6.8 million of the increase during the current year period is a result of the increased volume of minutes transmitted over our network. The remainder of the increase is primarily related to fixed line costs associated with adding network capacity to enable growth in the broadband and voice service product lines.

Selling, General and Administrative. Selling, general and administrative expenses increased to $7.9 million during the three months ended December 31, 2000 from $7.3 million in the prior year period, an increase of 8%. Selling, general and administrative expenses during the three months ended December 31, 2000 increased primarily due to increases related to our global network build-out and the related expansion of staffing and facilities of $4.3 million, offset in part by decreases in (i) professional fees and consulting expense of $2.1 million, (ii) stock-based compensation of $1.0 million and (iii) vendor settlement costs included in the prior year period of $0.6 million. At December 31, 2000, Novo Networks employed approximately 160 employees compared to approximately 35 employees at December 31, 1999.

Reorganization and Restructuring Charge. In October, the Company began execution of a plan to consolidate the assets, network and management of its wholly-owned operating subsidiaries into a single broadband network and communication services company. Additionally, the plan has a renewed focus on providing broadband and voice services to other service providers, which resulted in the discontinuation of retail Internet access services offered, principally, digital subscriber line access and dial-up access. The Company recorded reorganization and restructuring expense totaling $4.3 million during the quarter ended December 31, 2000. The reorganization and restructuring resulted in the elimination of 19 positions, which occurred over approximately a three-month period. The restructuring charge of $4.3 million includes cash expenditures totaling $2.8 million related to (i) personnel severance of $1.5 million (ii) lease abandonment of $1.0 million, and (iii) other costs of $0.3 million and non-cash charges of $1.5 million, primarily for the write-down of impaired assets.

Depreciation and Amortization. As a result of the reorganization transactions in September 1999 and October 1999 and the acquisition of iGlobal in March 2000, we recorded approximately $116.0 million in goodwill. Amortization of goodwill during the three months ended December 31, 2000 totaled $5.1 million. Depreciation recorded on fixed assets during the current year period totaled $1.4 million compared to $0.5 million for the prior year period. At December 31, 2000 fixed assets, consisting primarily of network equipment, totaled $35.3 million compared to $12.9 million at December 31, 1999.

Interest (Income) Expense, Net. We recorded interest income, net of expense, of $0.1 million for the three months ended December 31, 2000 compared to net interest expense of $0.1 million for the three months ended December 31, 1999. The interest income, net during the three months ended December 31, 2000 resulted from interest income on greater cash balances maintained from the proceeds of private placements completed in fiscal 2000 and 2001 together with lower interest expense. The reduction in interest expense was due to the elimination of $8.0 million of e.Volve's debentures as a result of the reorganization transaction on September 22, 1999.

Equity in Losses of Affiliates. Equity in loss of affiliates was $1.3 million during the three months ended December 31, 2000 and resulted primarily from our 22% equity interest in PhoneFree. We anticipate that our strategic investments accounted for under the equity method will continue to invest in the development of their products and services, and will continue to recognize operating losses, which will result in future charges to earnings as we record our proportionate share of such losses.

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SIX MONTHS ENDED DECEMBER 31, 2000 COMPARED TO SIX MONTHS ENDED DECEMBER 31, 1999

Revenues. Revenues increased to $39.2 million during the six months ended December 31, 2000 from $22.7 million during the same prior year period, an increase of 73%. Revenues for the six months ended December 31, 2000 were generated through the sale of (i) 94% voice services, (ii) 4% broadband services and (iii) 2% Internet services. Sales during the six months ended December 31, 1999 were comprised of 99% voice services and 1% broadband services.

The increase in revenues during the six months ended December 31, 2000 is primarily a result of both (i) revenues generated from AxisTel, which was acquired as part of the Initial Transaction, being included for the full six months during the current year period verses three months in the prior year period and (ii) increased minutes transmitted, principally wholesale minutes. During the six months ended December 31, 2000, we transmitted 384.2 million minutes versus 218.4 million minutes during the six months ended December 31, 1999, an increase of 76%. Although revenues increased as a result of increased traffic volumes, the average price per minute decreased 2% to $0.1020 during the six months ended December 31, 2000 from $0.1038 during the comparable period in fiscal 2000.

Direct Costs. Direct costs increased to $38.0 million during the six months ended December 31, 2000 from $21.8 million during the six months ended December 31, 1999, an increase of 74%. The increase in direct costs is principally a result of the increased traffic volume during the current year, partially offset by a nominal decrease in the average cost per minute to terminate calls.

Selling, General and Administrative. Selling, general and administrative expenses increased to $15.0 million during the six months ended December 31, 2000 from $8.6 million in the prior year period. The increase in selling, general and administrative expenses during the six months ended December 31, 2000 resulted primarily from expenses incurred by companies acquired during fiscal 2000 being included for a full six-month period and increases related to our global network build-out and the associated expansion of staffing and facilities. The increase was offset in part by decreases in (i) professional fees and consulting expense of $2.1 million, (ii) stock-based compensation of $0.6 million and (iii) vendor settlement costs included in the prior year period of $0.6 million..

Reorganization and Restructuring Charge. In October 2000, the Company began execution of a plan to consolidate the assets, network and management of its wholly owned operating subsidiaries into a single broadband network and communication services company. Additionally, the plan has a renewed focus on providing broadband and voice services to other service providers, which resulted in the discontinuation of retail Internet access services offered, principally, digital subscriber line access and dial-up access. The Company recorded reorganization and restructuring expense totaling $4.3 million during the six months ended December 31, 2000. The reorganization and restructuring resulted in the elimination of 19 positions, which occurred over approximately a three-month period. The reorganization and restructuring charge of $4.3 million includes cash expenditures totaling $2.8 million related to (i) personnel severance of $1.5 million (ii) lease abandonment of $1.0 million, and (iii) other costs of $0.3 million and $1.5 million of non-cash charges, primarily for the write-down of impaired assets.

Depreciation and Amortization. As a result of the reorganization transactions in September 1999 and October 1999 and the acquisition of iGlobal in March 2000, we recorded approximately $116.0 million in goodwill. The current year period includes amortization of goodwill associated with both the reorganization transactions and the iGlobal acquisition for the full six months totaling $10.2 million compared to goodwill amortization of $1.4 million related to the reorganization representing approximately three months of amortization for the six months ended December 31, 1999. Depreciation recorded on fixed assets during the current year period totaled $2.7 million compared to $0.4 million for the prior year period.

Interest (Income) Expense, Net. We recorded interest income, net of expense, of $0.5 million for the six months ended December 31, 2000 compared to net interest expense of $0.6 million for the six months ended December 31, 1999. The interest income, net during the six months ended December 31, 2000 resulted from interest income on greater cash balances maintained from the proceeds of private placements completed in fiscal 2000 and 2001 together with lower interest expense. The reduction in interest expense was due to the elimination of $8.0 million of e.Volve's debentures as a result of the reorganization transaction on September 22, 1999.

Equity in Losses of Affiliates. Equity in loss of affiliates for the six months ended December 31, 2000 totaled $5.4 million and resulted primarily from our 22% equity interest in PhoneFree.

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Write Off Of Unamortized Debt Discount. The $0.9 million write off of unamortized debt discount in fiscal 2000 resulted from the elimination of e.Volve's outstanding debentures as a result of the reorganization transaction.

LIQUIDITY AND CAPITAL RESOURCES

Our business plan contemplates expanding our network operations and related services both domestically and internationally. Our primary expenditures will be for equipment, network expansion, increased personnel costs and working capital. This strategy may also include strategic acquisitions and investments. Sources of funding for our financing requirements may include vendor financing, bank loans, and public offerings or private placements of equity and/or debt securities. There can be no assurance that additional financing will be available or, if available, that financing can be obtained on a timely basis and on acceptable terms. The failure to obtain such financing on acceptable terms could significantly reduce our ability to fund our expense, development, acquisitions and operations.

Since July 1, 1999, we have funded our operations primarily through cash flow from operations, private placements of common and preferred stock and borrowings under loan and capital lease agreements. Our principal uses of cash are to fund (i) the expansion of our operations; (ii) working capital requirements; (iii) capital expenditures, primarily for our network; (iv) operating losses; and (v) acquisitions and strategic investments. As of December 31, 2000, we had current assets of $43.1 million, including cash and cash equivalents of $30.0 million. The working capital surplus at December 31, 2000 was $19.5 million. While this amount is not sufficient to fund our current plans for global network expansion, the cash and cash equivalents at December 31, 2000 are expected to provide sufficient liquidity to meet our operating and capital requirements over the next twelve months.

We estimate that our current network expansion plans will require approximately $97 million of capital and operating expenses over the next 24-months. This represents a decrease of approximately $90 million from our original business plans. The decrease in capital and operating requirements resulted primarily from a reduction in the planned number of gateways from 34 to 16 and a significant reduction in the number of planned co-location facilities. Additionally, scaling back the gateway rollout also resulted in reductions in planned additions of sales and technical personnel and corporate staff. We expect to fund these capital requirements through existing cash balances, expansion of our capital lease facilities and public and private placements of equity and/or debt securities. If we are not able to raise additional funds within the next six months we may not be able to complete our global network expansion and increase our revenues pursuant to our business strategy.

Cash flows from operating activities. Cash used in operating activities for the six months ended December 31, 2000 totaled $12.8 million compared to $2.5 million for the six months ended December 31, 1999. The increased use of cash in our operating activities is primarily attributable to increased costs associated with expanding our overall operations, which encompasses (i) networks, (ii) facilities, and (iii) employee costs. During the six months ended December 31, 2000 cash flow used by operating activities primarily resulted from operating losses, net of non-cash charges, totaling $14.7 million and an increase in accounts receivable of $4.8 million, partially offset by a net increase in accounts payable and accrued liabilities of $6.0 million. At December 31, 1999, cash flows used in operating activities resulted from operating losses, net of non-cash charges, totaling $6.9 million offset partially by increases in current liabilities.

Cash flows from investing activities. Net cash used in investing activities was $3.4 million for the six months ended December 31, 2000 compared to $2.8 million for the same period in the prior fiscal year. Investing activities in the current fiscal year period consisted primarily of purchases of network equipment $2.1 million and investments in affiliated companies of $1.1 million. Investing activities for the prior year period consisted principally of fixed asset purchases of $1.7 million and investments in affiliates of $0.6 million.

Cash flows from financing activities. Cash flows provided by financing activities during the six months ended December 31, 2000 totaled $5.5 million and consisted principally of (i) net proceeds from the issuance of 7,000 shares of Series D Preferred Stock and 450,001 shares of our common stock totaling $6.5 million, and (ii) borrowings under a credit agreement for equipment purchases of $0.4 million, offset partially by capital lease payments of $1.4 million. Cash flows provided from financing activities during the prior year period totaled $11.6 million and was attributable to proceeds from the issuance of common and preferred stock of $13.2 million, reduced partially by the repayment of a bridge loan and capital lease payments.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the impact of political instability, foreign currency, interest rate and other risks.

Political Instability Risks. We have relationships with foreign suppliers in Mexico, India and other countries. We have not experienced any negative economic consequences as a result of relationships with foreign suppliers in these countries, but may be negatively affected should political instability in any of these countries develop.

Foreign Currency Risks. Since the agreements we have entered into with foreign suppliers in India and other countries are denominated in U.S. dollars, we are not exposed to risks associated with fluctuations in these foreign currencies. However, because our agreements with certain Mexican suppliers are denominated in Mexican pesos, we may be exposed to fluctuations in the Mexican peso, as well as to downturns in the Mexican economy, all of which may affect profitability. During the six months ended December 31, 2000, $11.0 million of our direct costs were denominated in Mexican pesos.

Interest Rate Risks. We have investments in money market funds of approximately $29.4 million at December 31, 2000. We also have a variable rate credit facility to purchase equipment with outstanding borrowings at December 31, 2000 of $4.1 million. Due to the short-term nature of our investments and the relatively low amount of variable rate debt on our balance sheet, we believe that the effects of changes in interest rates are limited and would not materially impact our profitability.

Other Market Risks. We are also exposed to potential risks in dealing with foreign suppliers in foreign countries associated with potentially weaker protection of intellectual property rights, unexpected changes in regulations and tariffs, and varying tax consequences.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On November 20, 2000, the arbitration panel awarded Gayath Saad $248,000 in respect of the dispute previously described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2000. Subsequent to this ruling, we negotiated a mutual release with Mr. Saad and delivered it to him overseas. Mr. Saad executed the release on January 29, 2001 and we paid him the judgment in accordance with the terms of the award.

We are involved in other legal proceedings from time to time, none of which, if decided adversely to us, would, in our opinion, have a material adverse effect on our business, financial condition or results of operations.

ITEM 2. CHANGES IN SECURITIES

On December 5, 2000, we completed a private placement of 7,000 shares of newly issued Series D Convertible Preferred Stock and 450,001 shares of our common stock to two institutional investors in a private placement under Rule 506 of Regulation D. We received proceeds of $7.0 million cash and 900,001 Series A Preference shares of Telnext Communications Ltd. as consideration for this issuance. We anticipate incurring commissions of $420,000 in connection with this private placement. The Series D Convertible Preferred Stock is convertible into shares of our common stock at price of $7.00 per share.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On November 9, 2000, we held our 2000 Annual Meeting of Stockholders (the "Annual Meeting"). At the Annual Meeting, the following persons were re-elected to our Board of Directors as Class I Directors, with their term of office lasting until our annual meeting of stockholders in 2004:

Mark R. Graham
Jan. R. Horsfall

Stuart A. Subotnick

Fred A. Vierra and David Leuschen continued in office as Class II Directors, and Clark K. Hunt, Jeffrey A. Marcus and Barrett N. Wissman continued in office as Class III Directors.

The following table sets forth the number of votes for and against with respect to the election of Class I directors at the Annual Meeting:

Name	For	Against
Mark R. Graham	40,934,489	284,711
Stuart A. Subotnick	40,934,489	284,711
Jan R. Horsfall	37,834,654	3,384,546

At the Annual Meeting, our stockholders also voted to ratify certain amendments to our 1999 Omnibus Securities Plan and to amend our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our capital stock from 80,000,000 to 225,000,000. In connection with the increase in authorized shares of capital stock, the number of authorized shares of preferred stock was increased from 5,000,000 to 25,000,000, and the number of shares of common stock was increased from 75,000,000 to 200,000,000. The following table sets forth the number of votes for, against, abstained and broker non-votes cast in respect of these proposals:

Proposal	For	Against	Abstentions	Broker Non-Votes
Plan Amendments	38,028,017	3,063,657	127,226	None
Amendment to Amended and Restated Certificate of Incorporation	36,802,597	3,166,361	13,110	1,237,132

On October 31, 2000, the holders of approximately 62% of the outstanding shares of our common stock, acting by written consent pursuant to Section 228 of the Delaware General Corporate Law, approved an amendment to our Amended and Restated Certificate of Incorporation changing our name from "eVentures Group, Inc." to Novo Networks, Inc.

On December 12, 2000, the holders of approximately 51% of the outstanding shares of our voting stock, acting by written consent pursuant to Section 228 of the Delaware General Corporate Law, approved the Novo Networks 2001 Equity Incentive Plan. Option grants under this plan will become effective 20 business days after the mailing to our stockholders of an Information Statement in accordance with Regulation 14C of the Securities Exchange Act of 1934 (which we expect to occur on or about March 15, 2001). On January 10, 2001, the Option Sub-Committee of the Board of Directors approved the grant of a total of 10,227,163 Gap Options to purchase our common stock at an exercise price of $4.625 per share under the 2001 Equity Incentive Plan. Of the 10,227,163 Gap Options granted, 9,975,000 were granted to our executive officers.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1	Amendment to Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on November 13, 2000.
3.2	Amendment to Amended and Restated Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on December 11, 2000.
4.1	Certificate of Designation, Rights and Preferences of Series D Convertible Preferred Stock, filed on December 5, 2000.
9	Voting Agreement, dated as of December 5, 2000, among Rock Creek Partners II, Ltd, CB Private Equity Partners L.P. and eVentures Group, Inc.
10.1	Registration Rights Agreement, dated as of December 5, 2000, among Rock Creek Partners, II, Ltd., CB Private Equity Partners L.P. and eVentures Group, Inc.

(b) Reports on Form 8-K

On November 13, 2000, we filed a Report on Form 8-K announcing our intended name change from eVentures Group, Inc. to Novo Networks, Inc. and announcing our financial results for the fiscal quarter ended September 30, 2000.

On January 4, 2001, we filed a Report on Form 8-K disclosing the dismissal of BDO Seidman, LLP as our independent public accountants and the retention of Arthur Andersen, LLP as our independent public accountants for our fiscal year ended June 30, 2001.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOVO NETWORKS, INC.

Date: February 14, 2001 By: /s/ Jeffrey A. Marcus

Jeffrey A. Marcus
(Authorized Signatory and Chief Executive Officer)

Date: February 14, 2001 By: /s/ Daniel J. Wilson

Daniel J. Wilson
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description
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EX-3.1 OTHERDOC
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d83936ex3-1.txt
AMENDMENT TO AMEND/RESTATED CERT. OF INCORPORTION

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EXHIBIT 3.1

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 11/13/2000
001568465-2144057

CERTIFICATE OF AMENDMENT

OF

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF eVENTURES GROUP, INC.

----

eVENTURES GROUP, INC. (hereinafter called the "Corporation"), organized and existing under and by virtue of the General Corporation law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of the Corporation, resolutions were duly adopted setting forth an amendment to the Amended and Restated Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and directing that the amendment be considered at the next annual meeting of the stockholders of the Corporation. The resolution setting forth the amendment is as follows:

RESOLVED: That the first paragraph of Article FOURTH of the Amended and Restated Certificate of Incorporation relating to the total number of shares of stock which this Corporation shall have authority to issue be and hereby is deleted and the following new first paragraph of Article FOURTH is inserted in lieu thereof:

"FOURTH: The aggregate number of shares which the Corporation shall have the authority to issue is 225,000,000, consisting of (i) 200,000,000 shares of Common Stock, par value $0.00002 per share (the "Common Stock"), and (ii) 25,000,000 shares of Preferred Stock, par value $0.00002 per share (the "Preferred Stock")."

SECOND: That thereafter, the annual meeting of the stockholders of the Corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation law of the State of Delaware, at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

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IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Amended and Restated Certificate of Incorporation to be duly executed this 10th day of November, 2000.

/s/ STUART J. CHASANOFF

By: Stuart J. Chasanoff
Its: Senior Vice President, General Counsel
and Secretary

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EX-3.2 OTHERDOC
3
d83936ex3-2.txt
AMENDMENT TO AMEND/RESTATED CERT. OF INCORPORATION

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Document is copied.
EXHIBIT 3.2

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 12/11/2000
001617004 - 2144057

CERTIFICATE OF AMENDMENT

TO

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

eVENTURES GROUP, INC.

Pursuant to Section 242 of the Delaware General Corporation Law

eVentures Group, Inc., (the "Corporation"), a corporation existing under and by virtue of the Delaware General Corporation Law (the "DGCL"), does hereby certify:

FIRST: The name of the Corporation is eVentures Group, Inc.

SECOND: The Board of Directors of the Corporation (the "Board"), at a meeting duly called and held on October 13, 2000, in accordance with the applicable provisions of the DGCL and the Corporation's Bylaws, did duly adopt resolutions (a) approving the amendment to the Corporation's Certificate of Incorporation described herein (the "Amendment"), (b) directing that the Amendment be submitted to the stockholders of the Corporation (the "Stockholders") for their consideration and approval, and (c) directing that, upon approval and adoption of such amendment by the Stockholders of the Corporation, this amendment be executed and filed with the Secretary of State of the State of Delaware and elsewhere as may be required by law.

THIRD: A majority of the Stockholders of the Corporation acting by written consent on October 31, 2000, adopted resolutions adopting the Amendment.

FOURTH: The resolutions adopted by the Stockholders are as follows:

"RESOLVED, that Article FIRST of the Amended and Restated Certificate of Incorporation of the Corporation be amended to read in its entirety as follows:

"FIRST: The name of the corporation is Novo Networks, Inc. (the "Corporation")."

FURTHER RESOLVED, that the filing of a Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware, and elsewhere as required by law, to effect the foregoing amendment to the Amended and Restated Certificate of Incorporation be, and it hereby is, approved, ratified and confirmed in all respects."

FIFTH: This Certificate of Amendment to the Amended and Restated Certificate of Incorporation has been duly adopted and is being filed in accordance with the provisions of Section 242 of the DGCL.

IN WITNESS WHEREOF, the Secretary of this Corporation has hereunto set his hand this 11th day of December 2000.

eVENTURES GROUP, INC.

/s/ STUART CHASANOFF

By: Stuart Chasanoff
Its Secretary

EX-4.1 OTHERDOC
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d83936ex4-1.txt
CERTIFICATE OF DESIGNATION

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Document is copied.

EXHIBIT 4.1

CERTIFICATE OF DESIGNATION, PREFERENCES
AND RIGHTS OF SERIES D CONVERTIBLE
PREFERRED STOCK OF EVENTURES GROUP, INC.

I, STUART J. CHASANOFF, being the Senior Vice President and Secretary of eVENTURES GROUP, INC., a corporation organized and existing under the laws of Delaware (the "Corporation"), DO HEREBY CERTIFY that, pursuant to authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation and Section 141(b) of the Delaware General Corporation Law, the Board of Directors, at a meeting held on the 5th day of December, 2000, adopted the following resolution:

RESOLVED, that pursuant to authority vested in the Board of Directors by Article Fourth of the Amended and Restated Certificate of Incorporation of this Corporation, there is hereby established a series of Preferred Stock designated as "Series D Convertible Preferred Stock"; that the series shall consist of 50,000 shares, par value $.00002 per share, which series shall have the preferences and rights set forth in a Certificate of Designation, Preferences and Rights of Series D Convertible Preferred Stock of the Corporation, filed with the Delaware Secretary of State, on December 5, 2000, as the same may be amended and restated from time to time, as set forth below:

SERIES D CONVERTIBLE PREFERRED STOCK

1. Dividends.

1.1 The holders of Series D Convertible Preferred Stock (the "Series D Stock") shall be entitled to receive cash dividends on each issued and outstanding share of Series D Stock at the Dividend Rate (as defined herein) when and as declared by the Board of Directors out of funds legally available therefor, quarterly on the last day of March, June, September and December of each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date following the date of issuance; provided, however, if the Corporation pays a dividend in shares of Series D Stock on the applicable Quarterly Dividend

Payment Date as required by Section 1.2 hereof, the Corporation shall be relieved of its obligation to pay such dividend in cash. The amount of dividends shall be computed on the basis of twelve 30-day months and a 360-day year. The dividends provided for in this section shall accrue and be cumulative on each outstanding share of Series D Stock from the date of its issuance. Such dividends shall accrue from day to day, whether or not earned or declared. The dividends under this section are prior in preference to any declaration or payment of any dividend or distribution on any stock junior in dividend preference to the Series D Stock ("Junior Stock"), including the outstanding Series B Convertible Preferred Stock, par value $.00002 per share (the "Series B Stock"), Series C Convertible Preferred Stock, par value $.00002 per share (the "Series C Stock"), and Common Stock, and, if the dividends under this section with respect to any Quarterly Dividend Payment Date have not been paid on all shares of Series D Stock then outstanding, such deficiency shall be fully paid on all shares of

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Series D Stock then outstanding before any dividend or distribution shall be paid on, or declared and set apart for, any Junior Stock.

1.2. If the Corporation does not declare and pay the dividend in cash on any Quarterly Dividend Payment Date, then the Corporation shall declare and pay such dividend on such Quarterly Dividend Payment Date in additional shares of Series D Stock. The number of shares of Series D Stock to be issued in circumstances when dividends are paid with additional shares of Series D Stock will equal the cash amount of the dividend described in Section 1.1 (even if not declared), divided by the Liquidation Value (as hereinafter defined) (excluding accrued and unpaid dividends) rounded to the nearest full share, up or down, after taking into account all shares of Series D Stock owned by the holder thereof, provided that if the resulting fractional share held by such holder equals one-half of a share of Series D Stock, such fractional share shall be rounded up to the nearest full share.

2. Liquidation.

2.1. Rights of Holders of Series D Stock. In the event of any voluntary or involuntary liquidation (whether complete or partial), dissolution or winding up of the Corporation (a "Dissolution") (including any Deemed Liquidation) (as hereinafter defined), subject to the prior preferences and other rights of any other class of capital stock or series of Preferred Stock issued by the Corporation, the terms of which provide that such class or series will rank senior to the Series D Stock as to distribution of assets upon liquidation, dissolution or winding up of the affairs of the Corporation, the holders of shares of Series D Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, whether from capital, surplus or earnings prior to any distribution to the holders of Common Stock and pari passu with the holders of any outstanding shares of Series B Stock and Series C Stock, the amount equal to the greater of (i) the Liquidation Value (as appropriately adjusted to give effect to any stock split, any reverse stock split, any stock dividend or any similar transaction) or (ii) the shares of stock, securities or assets to which such holder would have been entitled if such holder had held the number of shares of Common Stock issuable upon conversion of such holder's shares of Series D Stock immediately prior to such liquidation, dissolution or winding up of the Corporation, together with all accrued but unpaid dividends. For purposes of this Certificate of Designation (as hereinafter defined), "Liquidation Value" means the sum of one thousand dollars ($1,000) per share, plus accrued but unpaid dividends thereon.

2.2. Allocation of Liquidation Payments Among Holders of Stock. If upon any Dissolution (including any Deemed Liquidation), the assets of the Corporation available for distribution to holders of shares of Series B Stock, Series C Stock and Series D Stock (the "Total Amount Available") shall be insufficient to pay the holders of outstanding shares of Series B, Series C

Stock and Series D Stock the full preferential amounts to which they shall be entitled under Section 2.1, each holder of shares of Series D Stock shall be entitled to receive an amount equal to the product derived by multiplying the Total Amount Available times a fraction the numerator of which shall be the Liquidation Value of Series D Stock held by such holder and the denominator of which shall be the aggregate Liquidation Value of shares of Series B Stock, Series C Stock and Series D Stock then outstanding. After payment in full of the full preferential

amounts which the holders of Series D Stock are entitled pursuant to this Section 2, the holders of Series D Stock shall not be entitled to any further right or claim to any of the remaining assets of the Corporation.

2.3 Treatment of Consolidations, Mergers and Sales of Assets or Stock.

(a) Subject to Section 2.2, upon (i) the sale of all or substantially all of the assets of the Corporation, (ii) the merger, consolidation or other business combination of the Corporation into or with another corporation or other entity which results in the exchange of outstanding capital stock of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by such other corporation or other entity or an affiliate thereof or (iii) any transaction that results in the holders of voting securities of the Corporation immediately prior to such transaction holding less than 50% of the Corporation's voting securities after giving effect to the issuance of securities in connection with such transaction (each a "Deemed Liquidation"), the holders of the Series D Stock voting as a class and acting by majority vote (such vote to be binding on all such holders), may, at their option, require the Corporation to treat any Deemed Liquidation as a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this Section 2.

(b) The provisions of this Section 2 shall not apply to any Deemed Liquidation, involving (i) only a change in the state of incorporation of the Corporation, (ii) a merger of the Corporation with or into a wholly-owned subsidiary of the Corporation or (iii) an acquisition by merger, reorganization or consolidation by the Corporation of another corporation or other entity (whether or not the Corporation is the surviving entity) if such acquisition does not involve a recapitalization or reorganization of the outstanding Series D Stock or Common Stock or the issuance of such number of voting securities of the Corporation or the surviving entity as would result in the holders of voting securities of the Corporation immediately prior to such acquisition holding less than 50% of the Corporation's or the surviving entity's voting securities after giving effect to the issuance of securities in connection with such acquisition.

2.4 Liquidation Preference. No series of Preferred Stock that is granted a preference in liquidation shall be granted a liquidation preference greater in amount than the purchase price of such Preferred Stock plus dividends, if any, accrued but unpaid on such purchase price, other than with respect to Preferred Stock that is granted with a preference in liquidation that is senior to the Series D Stock that has been approved by a majority of the disinterested directors of the Board of Directors of the Corporation and recommended to the Board of Directors of the Corporation by an investment banking firm of national standing.

3. Additional Provisions Governing Preferred Stock.

3.1. Voting Rights.

(a) Except as otherwise provided herein, by the Certificate of Incorporation of the Corporation or by applicable law, the holders of the Series D Stock and the holders of Common Stock shall vote as a single class on all matters to be voted on by the

Corporation's stockholders. Each share of Series D Stock shall have one vote for each share of Common Stock into which it may be converted.

(b) Notwithstanding the foregoing, the vote of at least two-thirds of the outstanding shares of Series D Stock shall be required to effect any of the following:

(i) any amendment or change to the rights, preferences, privileges or powers of the Series D Stock;

(ii) any increase or decrease in the authorized number of shares of the Series D Stock;

(iii) any redemption of any shares of Series B Stock, Series C Stock or Common Stock (other than pursuant to (x) agreements with any of the Corporation's employees, officers, directors or consultants giving the Corporation the right to repurchase shares of Common Stock upon termination of services or otherwise or (y) open market purchases approved by a majority of the disinterested members of the Board of Directors); and

(iv) declaration or payment of any dividend (other than a stock split or stock dividend on shares of Common Stock) on any share of Common Stock, Series B Stock or Series C Stock; and

(v) any issuances or deemed issuance of Common Stock issued for compensatory purposes to directors, officers and employees of the Corporation not approved by the Compensation Committee or Stock Option Committee of the Board of Directors of the Corporation.

3.2. Director Rights. The holders of the Series D Stock, voting as a separate class, shall be entitled to either (a) elect one (1) member of the Board of Directors of the Corporation (a "Series D Director") at any annual meeting of stockholders or a special meeting held in place thereof and to fill any subsequent vacancy created by such director's resignation or removal, so long as shares of Series D Stock with an aggregate Liquidation Value (excluding accrued but unpaid dividends and Series D Stock issued as a dividend on Series D Stock) of at least $25,000,000 are issued and outstanding or (b) designate one (1) representative who shall be entitled to participate telephonically at all meetings of the Board of Directors (other than any meetings of any committees of the Board of Directors or any executive sessions of the Board of Directors) and who shall receive all notices of meetings to which it is entitled to participate pursuant to this Section 3.2, so long as shares of Series D Stock with an aggregate Liquidation Value (excluding accrued but unpaid dividends and Series D Stock issued as a dividend on Series D Stock) of at least $10,000,000 are issued and outstanding.

3.3. Method of Payment.

(a) Payments. Any payment at any time due with respect to any share of Series D Stock (including but not limited to any payment due with respect to such share under Section 2) shall be made by means of a check (drawn upon funds which are